

June 3, 2008

Dear Legislator,

Thank you for the efforts you are putting into resolving one of the pressing issues of the current Special Session: finding a fair, comprehensive, sustainable solution to Medicaid funding. Like you, I understand this has not been an easy process and, like you, I know misinformation has been spread that makes the process even harder.

The purpose of this letter is to lay out some facts and identify real risks that I hope will help guide your decisions on Medicaid funding.

What is at risk if SB 2013 is not passed?

- UPL, or Upper Payment Limit, funding for all hospitals:

The Gross Revenue Assessment (GRA) is being challenged in the courts, but a ruling has not been made; therefore, without this bill, how UPL would be funded remains an open question. The potential cost to the hospital industry is approximately \$222 million based on Fiscal Year 2007 UPL payments.

- Medical Service Claims:

Hospitals have historically provided the state share (\$90 million) for a portion of the medical service claims paid to them. If this funding source is not provided, the loss is a potential of \$375 million when the state share plus federal share is factored in.

On the other hand, if SB 2013 becomes law, all hospital payments will remain intact, which includes the \$222 million in UPL, \$375 million in medical service claims, \$189 million in DSH payments, and the remaining medical service claims of approximately \$414 million -- \$1.2 billion in total payments. In addition, over and above the \$1.2 billion, hospitals stand to gain another \$70 million the first year due to an annual adjustment in allowable per diem rates.

Simply put, if SB 2013 passes the hospitals will pay approximately \$200 million and get back \$1.2 billion; if the bill does not pass hospitals will pay approximately \$100 million and get back \$800 million.

The best plan is the one that results in the highest return. Clearly, the MHA plan results in the highest return and is most likely to prevent increased costs from being passed along to patients or their insurance carriers.

Medicaid must have a long-term, sustainable funding solution. The Mississippi Hospital Association's proposal is fair, comprehensive and will result in sustainable revenues. Let's work together to get it passed.

Sincerely,  
Haley Barbour